

CLIME CAPITAL LIMITED

ABN 99 106 282 777

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED

30 JUNE 2019

Appendix 4E

Preliminary Final Report
Lodged with the ASX under Listing Rule 4.3A
Results for Announcement to the Market

Year Ended 30 June 2019

(Previous corresponding period – Year Ended 30 June 2018)

				\$
Revenue from ordinary activities	down	8%	to	\$11,976,963
Profit from ordinary activities before tax attributable to members	down	19%	to	\$8,480,647
Profit from ordinary activities after tax attributable to members	down	17%	to	\$6,601,175

	Amount per security	Franked amount per security
Dividends per share – Fully Paid Ordinary Shares		
Interim dividend – July to September 18 (paid)	1.25c	1.25c
Interim dividend – October to December 18 (paid)	1.25c	1.25c
Interim dividend – January to March 19 (paid)	1.25c	1.25c
Final dividend – April to June 19 (payable on 26 July 2019)	1.25c	1.25c

Record date for determining entitlements to the final dividend was

5 July 2019

Explanation of Revenue

Revenues for the year decreased to \$11,976,963 (FY18: \$12,952,194). This decrease was primarily due to lower unrealised gain on portfolio recognised at year end. Decrease in unrealised gain was partially offset by \$2.8 million increase in realised gains on sale of investments. Dividend, trust distribution, and interest income increased by 21% to \$4.0 million compared with \$3.3 million in FY18.

Explanation of Net Profit to members

Profit after tax attributable to members was \$6,601,175 (FY18: \$7,952,336). This result was primarily due to lower unrealised gain on portfolio recognised during the year.

Total operating expenses during the year increased from \$1,643,407 to \$1,970,730. This was due to an increase in brokerage costs and higher management fees on account of the increased gross assets of the Company. It is worth noting that the Management Expense Ratio of the Company at 30 June 2019 remained at 1.5% this year when compared to prior year.

Finance costs increased from \$799,122 to \$1,525,586 due to recognition of a full year's finance costs on convertible notes compared to six and half months in 2018.

Dividend Policy and Capital Management

The Board intends to maintain its policy of declaring ordinary dividends each quarter. The current portfolio has a high level of income generation from its shares and yielding investments. The portfolio also generates franking credits which are beneficial to shareholders.

On July 17 2018, the Board declared a 1 for 40 bonus issue of ordinary shares, with an intention to maintain existing quarterly dividends of 1.25 cents per share. 2,229,124 bonus shares were issued on 28 September 2018.

The Board has implemented a buyback policy covering ordinary shares. In 2018/19, 658,689 ordinary shares were bought back and cancelled. The average discount to Net Tangible Asset backing per share has on average been greater than 10%.

Dividends

Details of dividends in relation to the financial year ended 30 June 2019 declared or paid during the year or subsequent to the year ended 30 June 2019 are as follows:

Record Date	Payment Date	Type	Amount per security	Total Dividend	Franked amount per security	Foreign sourced dividend amount per security
Fully Paid Ordinary Shares						
08 October 2018	26 October 2018	Interim	1.25 cents	\$1,141,629	1.25 cents	-
04 January 2019	24 January 2019	Interim	1.25 cents	\$1,142,503	1.25 cents	-
04 April 2019	26 April 2019	Interim	1.25 cents	\$1,145,052	1.25 cents	-
5 July 2019	26 July 2019	Final	1.25 cents	\$1,146,500	1.25 cents	-
		Total	5.00 cents	\$4,575,684	5.00 cents	-
Grossed-up dividend yield including franking					7.14 cents	

Dividend/Distribution Reinvestment Plans

The Company operates a dividend reinvestment plan, which has been applied to all dividends paid during the year and will continue to apply to any future dividends declared.

Net tangible assets per security (Cum-Dividend)

	2019 \$	2018* \$
Fully diluted net tangible asset backing per ordinary share – pre-tax	\$0.97	\$0.94
Fully diluted net tangible asset backing per ordinary share – post-tax	\$0.94	\$0.92

* The comparative numbers have been adjusted to reflect the impact of the 1 for 40 bonus shares issue which took place on 24 September 2018.

Controlled Entities

The Company did not gain or lose control over any entities during the 12 months ended 30 June 2019.

Associates and Joint Venture entities

The Company does not have any interests in associates or joint venture entities.

Foreign Accounting standards

Not applicable.

Audit

This report is based on the unaudited financial statements of the Company which are in the process of being audited.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Investment income			
Investment revenue	2	3,956,296	3,259,098
Net realised gain on disposal of financial assets at fair value through profit or loss		6,130,770	3,324,431
Net unrealised gain on financial assets at fair value through profit or loss		1,849,267	6,279,184
Net foreign exchange gain		40,630	89,481
Total investment income		11,976,963	12,952,194
Expenses			
Management fees		(1,086,508)	(978,277)
Brokerage costs		(343,497)	(178,446)
Accounting fees		(61,500)	(61,500)
Custody fees		(36,786)	(30,464)
ASX fees		(45,820)	(52,913)
Share registry fees		(83,356)	(67,887)
Directors and company secretarial fees	15(a)	(166,400)	(155,250)
Other administrative expenses		(146,863)	(118,670)
Total expenses		(1,970,730)	(1,643,407)
Finance costs	10	(1,525,586)	(799,122)
Profit for the year before income tax expense		8,480,647	10,509,665
Income tax expense	4(a)	(1,879,472)	(2,557,329)
Profit for the year		6,601,175	7,952,336
Other comprehensive income for the year		-	-
Total comprehensive income for the year		6,601,175	7,952,336
Basic earning per share	6	7.21cps	8.64cps
Diluted earning per share	6	6.71cps	8.17cps

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements which follow.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
Assets			
Cash and cash equivalents	13(a)	4,584,628	12,023,828
Trade and other receivables	7	864,923	587,483
Financial assets at fair value through profit or loss	8	105,119,672	94,308,137
Current tax benefit	4(b)	-	34,931
Prepayments		4,123	51,007
Total assets		110,573,346	107,005,386
Liabilities			
Trade and other payables	9	747,117	376,500
Dividends payable	5(b)	1,146,500	1,116,704
Current tax liability	4(b)	360,531	-
Net deferred tax liabilities	4(c)	1,802,775	1,331,448
Convertible notes	10	20,963,020	20,774,019
Total liabilities		25,019,943	23,598,671
Net assets		85,553,403	83,406,715
Equity			
Issued capital	11	81,438,887	81,317,690
Option premium on convertible notes		196,351	196,351
Accumulated losses	12(a)	(10,361,709)	(10,443,884)
Profit reserve	12(b)	14,279,874	12,336,558
Total equity		85,553,403	83,406,715

*The above Statement of Financial Position should be read in conjunction with
the Notes to the Financial Statements which follow.*

CLIME CAPITAL LIMITED
ABN 99 106 282 777
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Issued Capital \$	Accumulated Losses \$	Profit Reserve \$	Option Premium on Convertible Notes \$	Total Equity \$
Balance at 1 July 2017		81,447,946	(10,471,220)	8,896,106	-	79,872,832
Profit for the year		-	7,952,336	-	-	7,952,336
Total comprehensive income for the year		-	7,952,336	-	-	7,952,336
Transactions with owners in their capacity as owners						
Issue of ordinary shares	11(a)	734,866	-	-	-	734,866
Issue of convertible notes	10	-	-	-	280,502	280,502
Deferred tax on issue of convertible notes		-	-	-	(84,151)	(84,151)
Shares acquired under buy-back	11(a)	(864,146)	-	-	-	(864,146)
Transaction costs on shares acquired under buy-back	11(a)	(1,394)	-	-	-	(1,394)
Income tax on transaction costs	11(a)	418	-	-	-	418
Dividends provided for or paid	5	-	-	(4,484,548)	-	(4,484,548)
		(130,256)	-	(4,484,548)	196,351	(4,418,453)
Transfer to profit reserve		-	(7,925,000)	7,925,000	-	-
		(130,256)	(7,925,000)	3,440,452	196,351	(4,418,453)
Balance at 30 June 2018		81,317,690	(10,443,884)	12,336,558	196,351	83,406,715
Profit for the year		-	6,601,175	-	-	6,601,175
Total comprehensive income for the year		-	6,601,175	-	-	6,601,175
Transactions with owners in their capacity as owners						
Issue of ordinary shares	11(a)	714,327	-	-	-	714,327
Shares acquired under buy-back	11(a)	(592,484)	-	-	-	(592,484)
Transaction costs on shares acquired under buy-back	11(a)	(923)	-	-	-	(923)
Income tax on transaction costs	11(a)	277	-	-	-	277
Dividends provided for or paid	5	-	-	(4,575,684)	-	(4,575,684)
		121,197	-	(4,575,684)	-	(4,454,487)
Transfer to profit reserve	12	-	(6,519,000)	6,519,000	-	-
		121,197	(6,519,000)	1,943,316	-	(4,454,487)
Balance at 30 June 2019		81,438,887	(10,361,709)	14,279,874	196,351	85,553,403

The above Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements which follow.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Proceeds from sale of investments		86,262,720	59,387,008
Payments for purchase of investments		(89,166,340)	(78,654,057)
		(2,903,620)	(19,267,049)
Dividends and trust distributions received		3,981,170	3,079,973
Interest received		161,930	98,706
Payments for administrative and other expenses		(820,793)	(728,052)
Investment manager's fees paid		(1,083,928)	(955,207)
Income tax paid		(1,012,406)	(53,373)
Net cash outflow from operating activities	13(c)	(1,677,647)	(17,825,002)
Cash flows from financing activities			
Dividends paid net of dividend reinvestment		(3,831,561)	(3,751,730)
Proceeds from issue of convertible notes (net of raising costs)		-	20,874,342
Payments for share buy-back including transaction costs		(593,407)	(865,540)
Finance costs paid on convertible notes		(1,336,585)	(618,943)
Net cash (outflow)/inflow from financing activities		(5,761,553)	15,638,129
Net decrease in cash held			
Effects of exchange rate movements on cash		-	104,783
Cash and cash equivalents at beginning of the financial year		12,023,828	14,105,918
Cash and cash equivalents at end of the financial year	13(a)	4,584,628	12,023,828

*The above Statement of Cash Flows should be read in conjunction with
the Notes to the Financial Statements which follow.*

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements are general purpose financial statements prepared in accordance with applicable Accounting Standards, including Australian Accounting Interpretations, the *Corporations Act 2001* and other authoritative pronouncements of the Australian Accounting Standards Board.

Clime Capital Limited is a publicly listed company, incorporated and domiciled in Australia.

The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The Directors revalue the trading portfolio on a daily basis.

The following are the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(b) Investments

Financial instruments

i) Classification

The Company's investments are categorised at fair value through profit or loss. They comprise investments in publicly listed and unlisted companies and listed fixed interest securities.

It is considered that the information needs of shareholders in a company of this type are better met by stating investments at fair value and by presenting the Statement of Financial Position on a liquidity basis.

ii) Recognition/derecognition

The Company recognises financial assets on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

iii) Measurement

Financial assets at fair value through profit or loss are measured initially at fair value excluding any transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs on financial assets at fair value through profit or loss are expensed immediately. Subsequent to initial recognition, all instruments at fair value through profit or loss are measured at fair value with changes in their fair value recognised in profit or loss.

The fair value of financial assets traded in active markets is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices.

Convertible notes

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On issue of the convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in statement of changes in equity as an option premium on convertible notes, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income tax

The charge for current income tax expense is based on the taxable income for the year. It is calculated using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Current and deferred taxes are recognised in profit or loss except where they relate to items that may be recognised directly in equity, in which case they are adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

(d) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(e) Trade and other receivables

Receivables may include amounts for dividends, interest and securities sold. Dividends are receivable when they have been declared and are legally payable. Interest is accrued at the balance date from the time of last payment. Amounts receivable for securities sold are recorded when a sale has occurred.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within a few days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on due date.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(f) Trade and other payables

These amounts represent liabilities for amounts owing by the Company at period end which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Amounts payable for securities purchased are recorded when the purchase has occurred.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as being part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as an asset or liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Revenue

i) Investment income

Dividend income is recognised in profit or loss on the day on which the relevant investment is first quoted on an "ex-dividend" basis.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise.

(i) Earnings per share

i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Potential ordinary shares are anti-dilutive when their conversion to ordinary shares would increase earnings per share or decrease the loss per share from continuing operations. The calculation of diluted earnings per share does not assume conversion, exercise or other issue of potential ordinary shares that would have an anti-dilutive effect on earnings per share.

(j) Dividends

Provisions for dividends payable are recognised in the reporting period in which they are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

(k) Profit reserve

The profits reserve is made up of amounts transferred from current and retained earnings/accumulated losses that are preserved for future dividend payments.

(l) Issued capital

Ordinary and preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) New and amended standards adopted by the Company

A number of new or amended standards became applicable for the current reporting period, however, the Company did not have to make retrospective adjustments as a result of adopting these standards.

- AASB 9: *Financial Instruments* (effective 1 July 2018)

AASB 9 contains requirements in relation to the classification, measurement and de-recognition of financial assets and liabilities, replacing the recognition and measurement requirements in AASB 139 *Financial instruments: Recognition and Measurement*. Under the new requirements the four current categories of financial assets are replaced with three measurement categories: fair value through profit or loss, fair value through other comprehensive income, and amortised cost. Financial assets can only be measured at amortised cost where very specific conditions are met.

AASB 9 introduces new hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged, and disclosures.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) New and amended standards adopted by the Company (continued)

- AASB 9: *Financial Instruments* (effective 1 July 2018) (continued)

There was no impact on the Company upon adoption of AASB 9 as the Company currently classifies financial assets and financial liabilities at fair value through profit or loss or amortised cost, and the Company does not apply hedge accounting.

AASB 9 also introduces a new impairment model. The Company's receivables include dividend and settlement of share trade. As the settlement period is short, the change in impairment rules did not have a material impact.

- AASB 15: *Revenue From Contracts With Customers* (effective 1 July 2018)

AASB 15 superseded AASB 18 *Revenue* and AASB 111 *Construction Contracts*. Although AASB 15 is principles-based, it is a significant change from the current revenue requirements and will involve more judgements and estimates as revenue is recognised when control of a good or service transfers to a customer, or on satisfaction of performance obligations under contracts, which replaces the existing notion of risk and rewards.

There was no impact on the Company upon the adoption of AASB 15 as the Company's revenue recognition of interest, dividends, investment gains/(losses) and foreign exchange gains/(losses) were unaffected as these items are excluded from the scope of AASB 15.

There are no other standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

(n) New accounting standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2019, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company.

	2019	2018
	\$	\$
2. INVESTMENT REVENUE		
Dividends and trust distributions	3,794,367	3,149,380
Interest	161,929	109,718
TOTAL	3,956,296	3,259,098
3. AUDITORS' REMUNERATION		
Remuneration of Pitcher Partners in relation to:		
Audit and review of the financial reports	30,000	36,500
Taxation	5,200	5,200
TOTAL	35,200	41,700

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
4. TAXATION		
(a) Income tax expense		
The prima facie tax on profit before income tax is reconciled to income tax expense as follows:		
Prima facie tax expense on profit/(loss) before income tax at 30%	2,544,194	3,152,900
Adjusted for tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Imputation gross up on dividends received	303,721	248,926
Franking credits on dividends received	(1,012,404)	(829,755)
Withholding tax on dividends received	(2,553)	(12,969)
Permanent differences	80,230	(1,773)
Prior year under/(over) provision	(33,716)	-
Income tax expense	1,879,472	2,557,329
The applicable weighted average effective tax rates are as follows:	22.16%	24.33%
(b) Current tax (liability)/benefit		
Income Tax	(360,531)	34,931
(c) Net deferred tax (liabilities)/assets		
Deferred tax liabilities		
Deferred income tax comprises the estimated tax payable at the current income tax rate of 30% on the following items:		
Tax on unrealised gains on investment portfolio	(3,075,042)	(2,603,995)
Other temporary differences	(243,577)	(243,578)
	(3,318,619)	(2,847,573)
Deferred tax assets		
Deferred tax assets comprises the estimated tax deductible at the current income tax rate of 30% on the following items:		
Carried forward tax losses	1,355,924	1,355,924
Costs associated with the issue of shares deductible in future years	159,920	160,201
	1,515,844	1,516,125
Net deferred tax (liabilities)	(1,802,775)	(1,331,448)
(d) Income tax expense recognised in the profit or loss		
Current income tax expense	2,544,194	3,152,900
Deferred tax relating to the origination and reversal of temporary differences	(631,006)	(595,571)
Prior year under/(over) provision	(33,716)	-
	1,879,472	2,557,329

5. DIVIDENDS

(a) Paid in the current year

Dividends paid in the current year

A fully franked final dividend on ordinary shares in respect of the 2018 financial year of 1.25 cents per share was paid on 27 July 2018 (2018: A fully franked final dividend on ordinary shares in respect of the 2017 financial year of 1.25 cents per share was paid on 28 July 2017)

	1,116,704	1,118,752
--	-----------	-----------

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
5. DIVIDENDS (CONTINUED)		
(a) Paid in the current year (continued)		
A fully franked dividend on ordinary shares for the quarter ended 30 September 2018 of 1.25 cents per share was paid on 26 October 2018 (2018: A fully franked dividend on ordinary shares for the quarter ended 30 September 2017 of 1.25 cents per share was paid on 27 October 2017)	1,141,629	1,121,406
A fully franked dividend on ordinary shares for the quarter ended 31 December 2018 of 1.25 cents per share was paid on 24 January 2019 (2018: A fully franked dividend on ordinary shares for the quarter ended 31 December 2017 of 1.25 cents per share was paid on 25 January 2018)	1,142,503	1,123,121
A fully franked dividend on ordinary shares for the quarter ended 31 March 2019 of 1.25 cents per share was paid on 26 April 2019 (2018: A fully franked dividend on ordinary shares for the quarter ended 31 March 2018 of 1.25 cents per share was paid on 27 April 2018)	1,145,052	1,123,317
	4,545,888	4,486,596
(b) Provided for in the current year		
A fully franked dividend in respect of the 2019 year of 1.25 cents per share was payable on ordinary shares as at 30 June 2019 (2018: A fully franked dividend in respect of the 2018 year of 1.25 cents per share was payable on ordinary shares as at 30 June 2018)	1,146,500	1,116,704
	1,146,500	1,116,704
(c) Dividend franking account		
Franking account balance	61,341	(21,034)
Impact on franking account balance of dividends not recognised, payable on 26 July 2019 (2018: 27 July 2018)	(491,357)	(478,588)
	(430,016)	(499,622)
6. EARNINGS PER SHARE		
Basic earning per share	7.21cps	8.64cps
Diluted earning per share	6.71cps	8.17cps
Reconciliation of earnings used in calculating basic and diluted earnings per share:		
Basic earning per share		
Total comprehensive income for the year	\$ 6,601,175	7,952,336
Earnings used in calculating basic earnings per share	\$ 6,601,175	7,952,336
Weighted average number of ordinary shares used in the calculation of basic earnings per share ⁽¹⁾	Nos 91,535,709	92,037,579
Diluted earning per share		
Earnings used in calculating basic earnings per share	\$ 6,601,175	7,952,336
Add: interest expense on convertible notes (net of tax)	\$ 1,067,910	559,385
Earnings used in calculating diluted earnings per share	\$ 7,669,085	8,511,721
Weighted average number of ordinary shares used in the calculation of basic earnings per share ⁽¹⁾	Nos 91,535,709	92,037,579
Adjustments for calculation of diluted earnings per share:		
- Convertible notes	Nos 22,837,166	12,180,638
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	Nos 114,372,875	104,218,217

⁽¹⁾ In accordance with AASB 133 *Earnings per Share* the comparative calculation has been adjusted to reflect the impact of the 1 for 40 bonus shares issued by the company on 24 September 2018.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
7. TRADE AND OTHER RECEIVABLES		
Unsettled trades	593,796	131,101
Income receivable	239,980	426,784
Other debtors	31,147	29,598
	864,923	587,483

Terms and conditions

Income receivable represents dividends and interest accrued and receivable at reporting date. Unsettled trades are non-interest bearing and are secured by the Australian Securities Exchange - National Guarantee Fund. They are settled within 2 days of the sale being executed. Other debtors consists of GST receivables that can be recovered from the Australian Tax Office. No interest is applicable to these amounts.

The maximum credit risk exposure in relation to receivables is the carrying amount.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(1) Listed equities - domestic	90,148,514	82,288,152
Listed equities - international	-	3,199,653
Listed convertible notes	2,697,947	-
(2) Trusts		
Listed unit trusts	-	2,217,947
Unlisted unit trusts	12,273,211	6,602,385
	105,119,672	94,308,137

9. TRADE AND OTHER PAYABLES

Accrued expenses	105,216	87,122
Amount payable to related parties	92,849	90,269
Unsettled trades	549,052	199,109
	747,117	376,500

Terms and conditions

Unsettled trades are non-interest bearing and are secured by the Australian Securities Exchange - National Guarantee Fund. They are settled within 2 days of the purchase being executed.

10. CONVERTIBLE NOTES

On 14 December 2017, the Company issued of 22,280,162 unsecured convertible notes at face value of \$0.96 per note (14,988,496 notes under Entitlement Offer and 7,291,666 notes under Placement), with a term expiring on 30 November 2021 and fixed interest rate of 6.25% per annum payable quarterly in arrears.

Noteholders have the right to convert some or all of their notes to shares at any time before the maturity date. Convertible Noteholders should note that in accordance with the terms of the Prospectus dated 17 November 2017, CAMG Notes will accrue the bonus issue and upon conversion will receive 1.025 Ordinary shares for every Convertible Note.

The equity element is presented in equity, under the heading of "option premium on convertible notes". The effective interest rate of the liability element on initial recognition is 7.27% per annum.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

10. CONVERTIBLE NOTES (CONTINUED)

The convertible notes are presented in the statement of financial position as follow:

	2019	2018
	\$	\$
Proceeds from issue of convertible notes (net of raising costs)	20,874,342	20,874,342
Liability component at the date of issue	(20,593,840)	(20,593,840)
Equity component at the date of issue	280,502	280,502
Deferred tax on issue of convertible notes	(84,151)	(84,151)
Equity component at the end of the year	196,351	196,351
Classification of liability component at the end of the year:		
- Current	110,273	109,875
- Non-current	20,852,747	20,664,144
	20,963,020	20,774,019
Liability component at the beginning of the year	20,774,019	20,593,840
Interest expense for the year calculated at effective interest rate of 7.27%	1,525,586	799,122
Finance costs paid	(1,336,585)	(618,943)
Liability component at the end of the year	20,963,020	20,774,019

Fair value

Fair value of the convertible notes as at 30 June 2019 amounting to \$22,280,162 (30 June 2018: \$21,834,559) was determined by reference to published price quotation \$1.00 (30 June 2018: \$0.98) of convertible note ticker ASX:CAMG as at 30 June 2019.

11. ISSUED CAPITAL

	2019	2018
	\$	\$
Issued and paid-up capital		
91,720,037 (2018: 89,336,308) ordinary fully paid shares	81,438,887	81,317,690

	Number of shares 2019	Number of shares 2018	2019	2018
			\$	\$
(a) Movements in ordinary share capital				
Balance at beginning of the year	89,336,308	89,500,008	81,317,690	81,447,946
Shares acquired under buy-back	(658,689)	(1,009,641)	(592,484)	(864,146)
Issue of shares pursuant to a 1 for 40 bonus issue on 24 September 2018	2,229,124	-	-	-
Transaction cost on shares acquired under buy-back	-	-	(923)	(1,394)
Income tax on transactions costs	-	-	277	418
Dividend reinvestment plan	813,294	845,941	714,327	734,866
Balance at the end of the year	91,720,037	89,336,308	81,438,887	81,317,690

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to vote at shareholders meetings. In the event of winding up the Company, ordinary shareholders rank after noteholders and creditors and are fully entitled to any proceeds on liquidation.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

11. ISSUED CAPITAL (CONTINUED)

(b) On-market share buy-back - ordinary shares

On 10 January 2019, the Company announced its intention on refreshing its ability to implement an on-market buy back (within the 10/12 limit) for a further 12 month period which commences from 28 January 2019 and ends on 27 January 2020. During this period, the Company has the ability to buy a maximum of 9,139,999 fully paid ordinary shares.

In accordance with its on-market share buy-back scheme, Clime Capital Limited bought back 658,689 (2018: 1,009,641) ordinary shares during the year. The number of shares bought back and cancelled during the 12 month period was within the '10/12 limit' imposed by s257B of the *Corporations Act 2001*, and as such, shareholder approval was not required. The shares were acquired at an average price of \$0.90 per share (2018: \$0.86), with prices ranging from \$0.830 cents to \$0.935 cents (2018: \$0.840 cents to \$0.880 cents). Cost of \$592,484 (2018: \$864,146), plus \$646 (2018: \$976) transaction costs net of tax, was deducted from contributed equity.

The shares bought back in the years ended 30 June 2019 and 30 June 2018 were cancelled immediately.

(c) Capital risk management

The Company's capital structure currently consists of share capital, retained earnings/accumulated losses and convertible notes. The operating cash flows of the Company are used to finance short term capital. The capital risk management is continuously reviewed as the Company has surplus cash available for investment.

	2019 \$	2018 \$
12. RESERVES AND ACCUMULATED LOSSES		
(a) Accumulated losses		
Balance at the beginning of the year	(10,443,884)	(10,471,220)
Net profit attributable to members of the Company	6,601,175	7,952,336
Transfer to profit reserve	(6,519,000)	(7,925,000)
Balance at end of year	(10,361,709)	(10,443,884)
(b) Profit reserve		
Balance at the beginning of the year	12,336,558	8,896,106
Transfer from accumulated losses	6,519,000	7,925,000
Dividends provided for or paid	(4,575,684)	(4,484,548)
Balance at end of year	14,279,874	12,336,558

Profit reserve is made up of amounts allocated from current and retained earnings/accumulated losses that are preserved for future dividend payments.

13. CASH FLOW INFORMATION

(a) Reconciliation of cash

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise:

Cash at bank	4,584,628	12,023,828
Total cash and cash equivalents	4,584,628	12,023,828

(b) Reconciliation of liabilities arising from financing activities

Liabilities arising from financing activities are liabilities for which cash flows are, or will be, classified as 'cash flows from financing activities' in the statement of cash flows. Changes in the carrying amount of such liabilities, which comprise convertible notes, are summarised below.

	2019 \$	2018 \$
Balance at the beginning of the year	20,774,019	-
Convertible notes issued	-	20,593,840
Interest accrued	1,525,586	799,122
Payments made	(1,336,585)	(618,943)
Balance at the end of the year	20,963,020	20,774,019

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
13. CASH FLOW INFORMATION (CONTINUED)		
(c) Reconciliation of net profit attributable to members of the Company to net cash inflow/(outflow) from operating activities		
Profit attributable to members of the Company	6,601,175	7,952,336
Adjustment:		
Finance costs	1,525,586	799,122
Changes in assets and liabilities:		
Increase in trade and other receivables	(277,440)	(1,095)
Increase in investments at fair value through profit or loss	(10,811,535)	(28,139,069)
(Increase)/decrease in prepayments	46,884	(28,019)
Increase/(decrease) in trade and other payables	370,617	(912,233)
Increase in net deferred tax liability	471,327	1,801,619
Increase in deferred tax option premium on convertible notes	-	(84,151)
Increase in income tax on transactions costs	277	418
Decrease in current tax benefit	34,931	786,070
Increase in current tax liability	360,531	-
Net cash outflow from operating activities	(1,677,647)	(17,825,002)
(d) Non-cash transaction		
During the current year the Company entered into the following financing activities which were not reflected in the cash flows.		
Dividends reinvested	714,327	734,866
Total non-cash transactions	714,327	734,866

14. RELATED PARTY TRANSACTIONS

All transactions with related entities were made on normal commercial terms and conditions no more favourable than transactions with other parties unless otherwise stated.

(a) Management and Performance Fees

Management and performance fees paid to companies related to the Directors were as follows:

	2019	2018
	\$	\$
Clime Asset Management Pty Limited - Note (c)(i)	814,881	733,709
Clime Investment Management Ltd - Note (c)(ii)	84,000	65,924
	898,881	799,633

As at 30 June 2019, \$92,849 (2018: \$90,269) of the year's management fee remain unpaid and within payables.

(b) Dividends

All dividends paid and payable by the Company to Directors and Director related entities are on the same basis as to other shareholders.

(c) Nature of Relationships

(i) Clime Asset Management Pty Limited

Mr. John Abernethy is the Director of the Investment Manager, Clime Asset Management Pty Limited (a wholly-owned subsidiary of ASX listed company Clime Investment Management Ltd). Clime Asset Management Pty Limited receives management and performance fees as remuneration for managing the Company's investment portfolio.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

14. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Nature of Relationships (continued)

(ii) Clime Investment Management Ltd

Mr. John Abernethy is a Director in Clime Investment Management Ltd. Clime Investment Management Ltd receives management fees as remuneration for the employment of the Chairman, one of the Directors (Mr. Anthony Golowenko) and the Company Secretary as detailed in Note 15. Clime Investment Management Ltd directly owns 6.28% of the share capital of the Company as at 30 June 2019. Clime Investment Management Ltd, through the Investment Manager, has the indirect power to dispose 5.26% of the Company's shares held by the Investment Manager's individually managed accounts.

15. KEY MANAGEMENT PERSONNEL DISCLOSURE

The Company has no staff and therefore has no key management personnel other than the Directors.

There have been no other transactions with Key Management Personnel or their related entities other than those disclosed in Note 14.

The names and position held of the Company's key management personnel (including Directors) in office at any time during the financial year are:

John Abernethy	- Non-Executive Chairman
Julian Gosse	- Non-Executive Director
Brett Spork	- Non-Executive Director
Anthony Golowenko	- Non-Executive Director (resigned 1 July 2019)

(a) Remuneration of Directors and Other Key Management Personnel

A summary of the remuneration of Directors and other key management personnel for the current and previous financial year is set out below:

	2019	2018
	\$	\$
Cash salary, fees and commissions*	136,530	127,513
Short-term employee benefits	136,530	127,513
Superannuation	3,470	3,737
Post-employment benefits	3,470	3,737
Total employment benefits	140,000	131,250

* Includes \$60,000 (2018: \$41,925) paid/payable to Clime Investment Management Ltd for the services rendered by the Chairman and one of the Directors. Also includes \$10,000 paid in 2018 as fees in connection with management of the Placement and the Entitlement Offer.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

15. KEY MANAGEMENT PERSONNEL DISCLOSURE (CONTINUED)

(b) Shareholdings

2019

	Balance at 1 July 2018 (Nos)	Shares acquired/ Bonus (Nos)	Shares disposed (Nos)	Balance at 30 June 2019 (Nos)
Ordinary Shares				
John Abernethy (Chairman)	900,000	90,000	-	990,000
Brett Spork	100,000	2,500	-	102,500
Anthony Golowenko (resigned 1 July 2019)	210,000	5,250	-	215,250
	1,210,000	97,750	-	1,307,750

	Balance at 1 July 2018 (Nos)	Convertible notes acquired (Nos)	Convertible notes disposed (Nos)	Balance at 30 June 2019 (Nos)
Convertible Notes				
John Abernethy (Chairman)	45,000	-	-	45,000
Brett Spork	16,667	-	-	16,667
	61,667	-	-	61,667

2018

	Balance at 1 July 2017 (Nos)	Shares acquired (Nos)	Shares disposed (Nos)	Balance at 30 June 2018 (Nos)
Ordinary Shares				
John Abernethy (Chairman)	790,000	110,000	-	900,000
Geoffrey Wilson (resigned 7 March 2018)	756,274	-	-	756,274
Brett Spork	100,000	-	-	100,000
Anthony Golowenko	-	210,000	-	210,000
	1,646,274	320,000	-	1,966,274

	Balance at 1 July 2017 (Nos)	Convertible notes acquired (Nos)	Convertible notes disposed (Nos)	Balance at 30 June 2018 (Nos)
Convertible Notes				
John Abernethy (Chairman)	-	137,500	(92,500)	45,000
Geoffrey Wilson	-	109,125	-	109,125
Brett Spork	-	16,667	-	16,667
Anthony Golowenko	-	25,000	(25,000)	-
	-	288,292	(117,500)	170,792

(c) Options to acquire ordinary shares

There were no shares or options granted during the reporting period as compensation. There were no un-exercised options relating to compensation at 30 June 2019 and 30 June 2018.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

16. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives, Policies and Procedures

The Company's accounting policies are included in Note 1, while the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at reporting date, are included under the appropriate note for that instrument.

Risks arising from holding financial instruments are inherent in the Company's activities, and are managed through a process of ongoing identification, measurement and monitoring. The Company is exposed to credit risk, liquidity risk and market risk. The Company is responsible for identifying and controlling the risks that arise from these financial instruments.

The risks are measured using a method that reflects the expected impact on the results and equity of the Company from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below. Information about the total fair value of financial instruments exposed to risk, as well as compliance with established investment mandate limits, is also monitored by the Company. These mandate limits reflect the investment strategy of the Company, as well as the level of risk that the Company is willing to accept, with additional emphasis on selected industries.

This information is prepared and reported to relevant parties within the Company on a regular basis as deemed appropriate.

Concentrations of risk arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

In order to avoid excessive concentrations of risk, the Company monitors its exposure to ensure concentrations of risk remain within acceptable levels and either reduces exposure or uses derivative instruments to manage the excessive risk concentrations when they arise.

(b) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets, excluding investments, of the Company which have been recognised on the Statement of Financial Position, is the carrying amount. The Company is not materially exposed to any individual credit risk.

Credit is not considered to be a material risk to the Company as any cash and fixed interest securities held by the Company or in its portfolios are invested with financial institutions that have a Standard and Poor's long term rating AA-. Also the majority of maturities are within three months.

None of the assets exposed to a credit risk are overdue or considered to be impaired.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Company's investment in financial instruments, which under market conditions are readily convertible to cash. In addition, the Company maintains sufficient cash and cash equivalents to meet normal operating requirements. Accordingly, the entity is not considered to be exposed to material liquidity risks in relation to its financial instruments.

Maturity analysis for financial liabilities

Financial liabilities of the Company comprise trade and other payables which have no contractual maturities but are typically settled within 30 days.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

16. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market risk

Market risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

By its nature, as a listed investment company that invests in tradeable securities in various securities exchanges, the Company will always be subject to market risk and risks of changes in foreign currency exchange rates as it invests its capital in securities which are not risk free. The market prices of these securities can and do fluctuate in accordance with multiple factors.

The Company seeks to reduce market risk by attempting to invest in equity securities where there is a significant 'margin of safety' between the underlying companies' value and share price. The Company does not have set parameters as to a minimum or maximum margin of safety. The Company does set broad parameters regarding the maximum amount of the portfolio that can be invested in a single company or sector to ensure an appropriate level of diversification.

(e) Interest rate risk

The Company's interest bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows, the risk is measured using sensitivity analysis on Note 16(d)(iv).

Interest rate risk is actively managed by the Investment Manager. The majority of the Company's interest bearing assets are held with reputable banks to ensure the Company obtains competitive rates of return while providing sufficient liquidity to meet cash flow requirements.

The table below summarises the Company's exposure to interest rates risk. It includes the Company's assets and liabilities at fair values, categorised by the earlier of contractual repricing or maturity date.

2019	Average	Interest Rate	Bearing	Rate	Total
	%	\$	\$	\$	\$
Financial Assets					
Cash and cash equivalents	1.04%	4,584,628	-	-	4,584,628
Trade and other receivables		-	833,776	-	833,776
Financial assets at fair value through profit or loss		-	105,119,672	-	105,119,672
Total Financial Assets		4,584,628	105,953,448	-	110,538,076
Financial Liabilities					
Management fee payable and unsettled trades		-	641,901	-	641,901
Dividends payable		-	1,146,500	-	1,146,500
Convertible notes	7.27%	-	-	20,963,020	20,963,020
Total Financial Liabilities		-	1,788,401	20,963,020	22,751,421
2018					
	Average	Interest Rate	Bearing	Rate	Total
	%	\$	\$	\$	\$
Financial Assets					
Cash and cash equivalents	1.15%	12,023,828	-	-	12,023,828
Trade and other receivables		-	557,885	-	557,885
Financial assets at fair value through profit or loss		-	94,308,137	-	94,308,137
Total Financial Assets		12,023,828	94,866,022	-	106,889,850
Financial Liabilities					
Management fee payable and unsettled trades		-	289,378	-	289,378
Dividends payable		-	1,116,704	-	1,116,704
Convertible notes	7.27%	-	-	20,774,019	20,774,019
Total Financial Liabilities		-	1,406,082	20,774,019	22,180,101

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

16. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market risk (continued)

(ii) Foreign exchange risk

The Company usually holds both monetary and non-monetary assets dominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets is a component of price risk and not foreign exchange risk. However, the Investment Manager monitors the exposure of all foreign currency denominated assets.

As at 30 June 2019, the Company did not hold any monetary and non-monetary assets dominated in currencies other than the Australian dollar (30 June 2018: \$4,391,980).

(iii) Other price risk

Other price risk is the risk that fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting the broader market. Other price risk exposure arises from the Company's investment portfolio.

(iv) Summarised sensitivity analysis

The following table summarises the sensitivity of the Company's operating profit and equity to other price risk, interest rate risk and foreign exchange rate risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates, historical correlation of the Company's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the securities in which the Company invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

Impact on profit (pre-tax)

	Price risk		Interest rate risk		Foreign exchange rate risk	
	-10%	+10%	-100 bps	+100 bps	-10%	+10%
30 June 2019	(10,511,967)	10,511,967	(92,208)	92,208	-	-
30 June 2018	(9,430,814)	9,430,814	(86,126)	86,126	(439,198)	439,198

No effect on other comprehensive income would result from price, interest rate or foreign exchange rate risk in 2019 or 2018.

17. FAIR VALUE MEASUREMENT

The Company measures and recognises financial assets at fair value through profit or loss on a recurring basis.

The Company has no assets measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

(a) Fair value in an active market (Level 1)

The fair value of financial assets traded in active markets (such as publicly traded derivatives and listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

The Company values its investments in accordance with the accounting policies set out in Note 1 of the financial statements. For the majority of its investments, the Company relies on information provided by independent pricing services for the valuation of its investments.

The quoted market price used for financial assets held by the Company is the closing quoted last prices at the end of the reporting period. When the Company holds derivatives with offsetting market risks, it uses mid-market prices as a basis for establishing fair values for the offsetting risk positions and applies this bid or asking price to the net open position, as appropriate.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

17. FAIR VALUE MEASUREMENT (CONTINUED)

(a) Fair value in an active market (Level 1) (continued)

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(b) Fair value in an inactive or unquoted market (Level 2 and Level 3)

The fair value of financial assets that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period. Fair values for unquoted equity investments are estimated, if possible, using applicable price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuer.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

(c) Recognised fair value measurements

The carrying amounts of trade receivables and trade payables are reasonable approximations of their fair values due to their short-term nature.

The table below presents the Company's financial assets measured and recognised at fair value as at 30 June.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
At 30 June 2019				
Financial assets at fair value through profit or loss				
Listed equities - domestic	90,148,514	-	-	90,148,514
Unlisted unit trusts	-	-	12,273,211	12,273,211
Listed convertible notes	2,697,947	-	-	2,697,947
Total financial assets at fair value through profit or loss	92,846,461	-	12,273,211	105,119,672
At 30 June 2018				
Financial assets at fair value through profit or loss				
Listed equities - domestic	82,288,152	-	-	82,288,152
Listed equities - international	3,199,653	-	-	3,199,653
Listed unit trusts	2,217,947	-	-	2,217,947
Unlisted unit trusts	-	-	6,602,385	6,602,385
Total financial assets at fair value through profit or loss	87,705,752	-	6,602,385	94,308,137

(d) Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

17. FAIR VALUE MEASUREMENT (CONTINUED)

(e) Reconciliation of recurring level 3 fair value movements

	Level 3 Unlisted unit trusts \$
Opening balance - 1 July 2017	-
Purchases	4,592,385
Transfers in	2,000,000
Total gains recognised in profit or loss	10,000
Closing balance - 30 June 2018	6,602,385
Purchases	5,644,853
Total gains recognised in profit or loss	25,973
Closing balance - 30 June 2019	12,273,211

\$25,973 (30 June 2018: \$10,000) of the total gains and losses recognised in profit or loss in respect to level 3 fair value measurements are unrealised as they are attributable to assets held at the end of the reporting period.

(f) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (a) and (b) above for the valuation techniques adopted.

Description	Fair value \$'000	Unobservable inputs	Range of inputs (probability - weighted average)	Relationships of unobservable inputs to fair value
As at 30 June 2019				
Unlisted unit trusts	12,273,211	Reported net asset value by investment manager	N/A	Direct
As at 30 June 2018				
Unlisted unit trusts	6,602,385	Reported net asset value by investment manager	N/A	Direct

(g) Valuation processes used for level 3 fair value measurements

The Company's Income Sleeve investments are typically unlisted syndicated investments with a medium term investment horizon. The value of investment was initially recorded at cost / acquisition price. The Manager of these unlisted funds issues periodic updates (quarterly or half yearly) to communicate the performance of underlying assets, summary financial information and periodically, independent valuation of the trust's underlying assets. An independent external valuation is generally done annually and communicated to the investors through the regular fund update. The Company reviews these updates and will reflect the investment valuation based on the independent valuation if and when it changes. As observable prices are not available for these securities, the Company has relied on valuations provided by managers of the underlying funds, based on the net asset value per unit reported by those trusts, in order to derive the fair value of the units.

(h) Sensitivity analysis for recurring level 3 fair value measurements

Significant observable and unobservable inputs which affect the valuation of the underlying business of the syndicated unlisted investments include interest rates and general economic condition, including but not limited to level of economic growth, inflation, wage data, terms of trade, business activity and business and consumer confidence. To illustrate, when interest rates go up, all else being equal and in isolation, the value of the syndicated unlisted investment goes down. However, the interrelationship between key valuation inputs means individual measures do not generally move in isolation. For example, when general economic conditions such as the level of economic growth, business activity and consumer confidence improve, in isolation the value of the unlisted investment goes up. This may be offset by an accompanying increase in interest rates by Central Banks to moderate strong economic activity, which as outlined above would act to reduce the value of the syndicated unlisted investment.

(i) Fair value of financial instruments not carried at fair value

Receivables and payables are carried at amortised cost when the time value of money is material, otherwise they are carried at their nominal amounts. Due to their short-term natures, the carrying amounts of receivables and payables approximate their fair values.

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

18. OFFSETTING FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. No assets and liabilities were offset in the statement of financial position as at 30 June 2019 and 30 June 2018.

19. SEGMENT INFORMATION

The Company is organised into one main segment which operates solely in the business of investment management within Australia.

The Company operates in Australia and holds all assets through an Australian Custodian.

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The directors are of the opinion that the current financial position and performance of the Company is equivalent to the operating segments identified above and as such no further disclosure has been provided.

20. CONTINGENT ASSETS AND LIABILITIES

Class action against UGL

As previously advised, on 18 December 2017, CAM (on its own behalf and on behalf of group members in the proceeding) commenced a class action proceeding against UGL Pty Limited (formerly UGL Ltd) (UGL).

On 12 June 2019, CAM filed its Second Further Amended Statement of Claim alleging that UGL failed to keep the market informed about problems affecting a major joint venture construction contract (Ichthys Project) with which it was involved. It is alleged that the problems relating to the Ichthys Project were not disclosed to the market until 6 November 2014. At this time, UGL informed the market about the significant cost overruns affecting the Ichthys Project, and that the joint venture had recognised a provision.

It is claimed that the unlawful conduct by UGL between 16 April 2014 to 5 November 2014 inclusive in failing to disclose the Ichthys Project issues, caused CAM and the other group members who had acquired an interest in UGL shares during this period, to suffer loss. All acquisitions of UGL shares by CAM were made during the claim period.

The Court has ordered that a second mediation of the class action occur by no later than 7 August 2019. Trial of the class action is due to commence on 6 November 2019. CAM has filed lay witness evidence and the majority of its expert evidence in preparation for trial. UGL has been ordered to file its lay evidence in early August 2019, with the remainder of its expert evidence due in August and September 2019.

The class action is funded by IMF Bentham Limited. Phi Finney McDonald is representing CAM and group members in the class action. Executives of Clime Investment Management Limited are involved in the conduct of the claim.

No provision has been made for any potential award of damages.

As at 30 June 2019, the Company has no contingent liabilities or commitments (2018: \$Nil).

CLIME CAPITAL LIMITED
ABN 99 106 282 777
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

21. EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

22. COMPANY DETAILS

The registered office and principal place of business of the Company is:

Level 13
20 Hunter Street
Sydney NSW 2000